MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2022/2023

DMA5214 – PRINCIPLES OF MANAGERIAL ACCOUNTING

(All sections / Groups)

4 OCTOBER 2023
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 4 pages excluding cover page with 4 Questions only.
2. Answer **ALL** questions.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Part A

Belt Sdn Bhd manufactures premium belts. For the first six months of 2022, the company reported the following operating results while operating at 80% of plant capacity:

Sales (500,000 units)	RM90,000,000
Cost of goods sold	54,000,000
Gross profit	36,000,000
Operating expenses	24,000,000
Net income	RM12,000,000

An analysis of costs and expenses reveals that the variable cost of goods sold is RM95 per unit and variable operating expenses are RM35 per unit.

In September, the company receives a special order for 40,000 machines at RM145 each from a major garment accessories distributor. Acceptance of the order would result in RM5,000 of shipping costs but no increase in fixed expenses.

Required:

(a) Prepare an incremental analysis for the special order. (10 marks)

(b) Should Belt Sdn Bhd accept the special order? Justify your answer. (2 marks)

Part B

The sewing department of M Couture Sdn Bhd has the following production and cost data for the month of December 2022.

Production	Costs	
1. Transferred out 15,000 units	Beginning work in process	RM -0-
2. Ending work in process, 5,000 units that are 60% complete as to conversion costs and 100% complete as to materials at 31 December 2022.	Materials	70,000
	Labour	21,600
	Manufacturing overhead	25,200

Materials are entered at the beginning of the process. Conversion costs are incurred uniformly during the process.

Required:

(a) Compute the equivalent units of production for (1) materials and (2) conversion costs. (6 marks)

(b) Compute unit costs and prepare a cost reconciliation schedule. (7 marks)

[TOTAL 25 MARKS]

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QUESTION 2

Part A

Activity-Based Costing (ABC) method is an accounting method that allocates overhead costs to products, services, or other cost objects based on the activities that drive those costs. Unlike traditional costing methods that allocate overhead based on a single cost driver like direct labour hours or machine hours, ABC identifies multiple cost drivers that correspond to various activities within an organization.

Required:

(a) Interpret the FOUR (4) steps in computing overhead by using the ABC method. (4 marks)

(b) Provide the FIVE (5) conditions that will suggest a company opt for the ABC method in computing overhead. (5 marks)

Part B

Mulia Firm Sdn Bhd is one of the legal firms in Cyberjaya engaging in civil legal services. For the past four years, the company has been allocating overhead to their services based on professional hours. The company has a budgeted overhead costs of RM605,000 and a budgeted 55,000 professional hours for the year 2021. At the end of the year, the firm incurred a total of RM615,000 overhead costs and a total of 65,000 professional hours.

For the year 2022, the firm would like to consider switching to the activity-based costing method and has thus identified the following four cost pools:

Activity Cost Pool	Estimated Overhead (RM)	Expected use of cost driver per activity
Legal Research	250,000	50,000 professional hours
Client meetings	195,000	6,500 hours
Printing and copying	40,000	20,000 pages
Computer support	120,000	60,000 minutes

Required:

Based on the above information,

(a) Compute the predetermined overhead rate. (2 marks)

(b) Compute the amount of overhead applied for the year. (2 marks)

(c) Compute the activity-based overhead rates. (8 marks)

(d) Classify each of the activities above as value-added or non-value-added activities. (4 marks)

[TOTAL 25 MARKS]

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QUESTION 3

Part A

The following are list of costs incurred in Ample Sdn Bhd production for the year 2022:

1. Direct Materials
2. Direct Labour
3. Factory utilities expense
4. Depreciation on factory equipment (using straight-line method)
5. Factory maintenance expense
6. Monthly insurance expense on factory building
7. Property tax expense
8. Factory machine rental expense
9. Factory supervisor's salary expense
10. Factory cleaner hourly wages expense.

Required:
Classify the above costs as either variable, fixed or mixed costs. (10 marks)

Part B

Fardel Sdn Bhd incurred the following data for 2022:

Sales Unit	1,800 units
Unit Sales price	RM50 per unit
Unit Variable costs	RM20 per unit
Total Fixed costs	RM36,000

Required:
Using the contribution margin technique,
(a) Compute the contribution margin ratio. (3 marks)
(b) Compute the break-even point in Ringgit Malaysia (RM). (3 marks)
(c) Compute the margin of safety in (RM) and as a ratio. (3 marks)
(d) If the company wishes to increase its total dollar contribution margin by 30% in the year 2023, by how much will it need to increase its sales if all other factors remain constant? (6 marks)

[TOTAL 25 MARKS]

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QUESTION 4

Melody Sdn Bhd provided the following budgeted sales and direct materials purchases:

	Budgeted Sales (RM)	Budgeted D.M. Purchases (RM)
April	100,000	50,000
May	130,000	60,000
June	150,000	70,000

Melody's sales are 50% cash and 50% credit. Credit sales are collected 20% in the month of sale, 50% in the month following sale, and 30% in the second month following sale.

Melody's purchases are 40% cash and 60% on account. Purchases on account are paid 50% in the month of purchase, and 50% in the month following purchase.

Required:

(a) Prepare a schedule of expected collections from customers for April. (10 marks)

(b) Prepare a schedule of expected payments for direct materials for April. (8 marks)

(c) Interpret budgeting and show the SIX (6) benefits of budgeting. (7 marks)

[TOTAL 25 MARKS]

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